

Microenterprise Loan Program

Why?

Louisville Metro Community Action Partnership (LMCAP) realizes that for many low to moderate income entrepreneurs starting a new business and securing traditional business financing can be difficult. LMCAP is addressing these challenges by providing forgivable loans up to \$10,000 to help create or expand microenterprises in Louisville/Jefferson County.

Microenterprises are a large part of Kentucky's workforce with more than 316,000 microenterprises employing over 400,000 people, according to the Association for Enterprise Opportunity. LMCAP believes that offering microenterprise loan and training programs will assist in creating self-employment and supplementary income opportunities and jobs for low to moderate income people.

What?

LMCAP microenterprise development program, CAP Enterprise, is designed to help microenterprises start, sustain or grow.

A microenterprise is a small business that employs fewer than five people including the owner.

Income Eligibility

The CAP Enterprise program is for microenterprises located in Louisville whose household income falls at or below 80% of the Area Median Income (AMI) listed below.

Persons in Household

50.1 -80% of AMI

1	\$ 34,650 or less
2	\$ 39,600 or less
3	\$ 44,450 or less
4	\$ 49,450 or less
5	\$ 53,450 or less
6	\$ 57,400 or less
7	\$ 61,350 or less
8	\$ 65,300 or less

CAP Enterprise Forgivable Loan

There are two program tracks to apply for the forgivable loan.

The **SPARK Program** is for new start-up businesses. It is a business development training geared towards getting microenterprises off to a good start.

The **IGNITE Program** is for microenterprises that have been open for at least one year and are registered with local, state and federal governments.



Loan Rates and Terms

Loans awarded to chosen businesses are interest free and entirely forgiven after one year. If a business fails to meet the one year threshold, the loan would have to be repaid. Awarded businesses must also agree to allow LMCAP staff to monitor their businesses monthly. Other terms and conditions may apply.

Business Criteria for Loan Applicants

Individuals or businesses that qualify for the CAP Enterprise forgivable loan include:

- Businesses that employ five or less employees including the owner.
- Business owner(s) household income must fall at or below 80% of AMI.
- The business must be located within Louisville/Jefferson County and the owner(s) must also reside in Louisville.
- Businesses must be willing to allow CAP staff to monitor business on a monthly basis until the loan is deemed forgiven, one year from the date of disbursement.
- Businesses and loans must be used for approved eligible activities.

Must be one of the following

- A new start up business (Spark Program) in need of funds to open and have successfully completed the Spark Program's Microenterprise Training Program.
- An existing business (Ignite Program) for at least one full year and in need of extra assistance to maintain or expand.

How?

Contact CAP Enterprise if you need assistance in developing or expanding your microenterprise. Sam Davis, 574-5866, or Gary Rockne, 574-5078. E-mail: capenterprise@louisvilleky.gov

(More on next page)

Eligible Activities

- Equipment purchase or rental
- Inventory
- Rent payment for office space
- Insurance
- Consulting Services
- Training
- Advertising and Marketing

Ineligible Activities

- Personal expenses
- Alcoholic beverages
- Lottery equipment and products
- Payroll
- Cigarettes and nicotine
- Facade and structural improvements
- Debt repayment
- Mortgage or rent for home-based business
- Homeowners insurance
- Court fees
- Purchase of property or land

The following business types and organizations are not eligible for the CAP Enterprise forgivable loan:

- Liquor stores
- Adult entertainment
- Gun sales
- Gambling
- Religious activities
- Real estate
- Non-profit organizations



Microenterprise Training and Development



The **Spark Program** is a training program for low to moderate income entrepreneurs who want to develop a business plan and learn from experienced accountants, bankers and other business professionals. Participants will learn to develop a business plan and have an opportunity to apply for a forgivable loan.

In addition, we have workshops to help new entrepreneurs with budgeting, improving credit and exploring ideas to for self employment.

CAP Enterprise staff can also provide technical assistance to current business owners or help connect you with the necessary resources.

Who?

LMCAP is part of the Louisville Metro Department of Housing and Family Services.

The mission of LMCAP is to eliminate poverty and its effects among the residents of Metro Louisville, Kentucky, one family at a time.

Other programs that we offer include:

- Low Income Home Energy Assistance Program (LIHEAP)
- Education, Training and Employment Programs
- Job Readiness Program
- Senior Nutrition Services including Meals on Wheels

Contact (502) 574-1157 for more information about LMCAP's general programs or visit our web site, www.louisvilleky.gov/CAP



Graduates from the first Spark training held in early 2011.



Louisville Metro Department of Housing and Family Services

Greg Fischer, Mayor
Louisville Metro Council

This project is funded by the Community Development Block Grant from the U.S. Department of Housing and Urban Development.